

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7449**

**BILL NUMBER:** HB 1585

**NOTE PREPARED:** Feb 7, 2013

**BILL AMENDED:** Feb 7, 2013

**SUBJECT:** Transfer of certain municipal territory.

**FIRST AUTHOR:** Rep. Slager

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 2nd House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill allows a municipality containing any territory that is: (1) located in a township with a township assistance property tax rate that is 15 times the statewide average township assistance property tax rate for the preceding four years; and (2) adjacent to another township; to have territory of the municipality transferred to an adjacent township if certain conditions are satisfied.

The bill provides that if sufficient voters of the municipality submit a petition requesting a transfer of such territory, a referendum shall be held on the transfer. It specifies that if at least two-thirds of the voters of the municipality who vote in the referendum vote to approve the transfer, the legislative body of the municipality may, within the one year period after the referendum, submit a petition to one or more adjacent townships requesting the adjacent township to accept the transfer of the territory of the municipality.

This bill provides that if the legislative body of an adjacent township adopts a resolution accepting the transfer of the territory, that territory of the municipality is transferred to and becomes part of the township adopting the resolution. It also specifies that if the referendum is approved and the municipality submits a petition to one or more adjacent townships requesting the adjacent township to accept the transfer of the territory, but no adjacent township adopts a resolution within one year after receiving a petition, all of the territory of the municipality is no longer included as part of any township, and township powers and duties are transferred to the municipality, to be administered and performed in the manner specified by ordinance of the legislative body of the municipality.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Summary:* An analysis was performed to estimate the impact if the Griffith territory were transferred from Calumet Township in 2015 and not transferred into another township. It was assumed that \$100,000 would be transferred from Calumet Township's levy to Griffith's levy to cover township assistance.

Based on estimated assessed values and levies for taxes payable in CY 2015, this bill could result in a higher township assistance (TA) tax rate for Calumet Township and a lower total tax rate for most taxpayers in Griffith.

The earliest that a transfer could be made under this bill is for taxes payable in 2015. The transfer of territory from Calumet Township would reduce the township's 2015 AV tax base by 16.6% from an estimated \$3.41 B M to \$2.54 B. The AV reduction for Calumet Township would cause an increase in the township tax rates from an estimated \$0.36 per \$100 AV to \$0.43 in 2015. The total district tax rate for taxpayers in the affected portion of Griffith would be reduced from an estimated rate of \$3.73 to \$3.39.

Changes in the total tax rate for any taxpayer would impact net tax bills and revenue losses due to the circuit breaker caps for any taxing units that intersect with Calumet Township and Griffith

Total circuit breaker losses for civil taxing units and schools would increase by an estimated \$930,000. Net tax bills would be reduced by an estimated \$961,000. The resulting net revenues would increase for some taxing units and decrease for other units. Net TIF Revenues (after changes in both gross taxes and circuit breaker losses) would decline by about \$37,000. (Please see the table at the end of this document for the estimated impact on net revenues by taxing unit.)

(Revised) *Background:* Calumet Township in Lake County is the only township that had a township assistance fund tax rate exceeding the statewide average rate by a multiple of 15 or more during each of the past four years. The state average tax rate in 2012 was \$0.0150 per \$100 of assessed value. The 2012 Calumet Township rate of \$0.3153 was 20.5 times the average. The next closest was Wayne Township in Allen County with a tax rate of \$0.1223 or 8 times the average.

There are 3 municipalities that are at least partially located in Calumet Township. The city of Gary accounts for 76% of the township's net AV. Griffith makes up 17.9% of the AV and Lake Station accounts for 0.1% of the township's AV. Another 6% of Calumet Township's AV is attributable to unincorporated areas.

The above analysis estimates the impact if the Griffith territory were transferred from Calumet Township. A small portion of Griffith is located in St. John Township. The analysis includes only the portion of Griffith that is in Calumet Township. For purposes of the analysis, it was assumed that Griffith would not transfer into another township. It was also assumed that Calumet Township's township assistance levy would be reduced by \$100,000 and that Griffith's levy would be increased by \$100,000.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Calumet Township in Lake County; Town of Griffith; Other civil taxing units and school corporations in Lake County.

**Information Sources:** LSA Property Tax Database; Local Government Database.

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.

**Estimated Change in Net Revenue**

<b>Taxing Unit</b>	<b>Net Revenue</b>	
	<b>2015</b>	<b>2016</b>
Lake County	36,946	36,571
Calumet Township	-771,241	-768,333
Gary Civil City	-397,559	-394,660
Lake Station Civil City	-742	-743
Griffith Civil Town	310,126	308,576
Lake Ridge School Corp	-18,474	-18,873
Lake Station School Corp	-304	-311
Gary Community School Corp	-159,482	-161,383
Griffith Public School Corp	134,895	135,426
Gary Public Library	-38,836	-38,525
Lake County Public Library	16,481	16,316
Gary Airport	-9,717	-9,665
Gary Redevelopment	-1,503	-1,490
Gary Public Transportation	-21,708	-21,561
Lake Ridge Fire Protection	-3,173	-3,149
Lake County Solid Waste Mgt Dist	1,480	1,469
Gary Storm Water Management	-6,009	-5,962
<b>Total All Units</b>	<b>-928,820</b>	<b>-926,297</b>
<b><u>TIF (By Taxing District)</u></b>		
45003_Gary Corp Cal Twp Lake Ridge Sch	177	174
45004_Gary Corp Cal Twp Gary Sch	-260	1,019
45006_Griffith Corp Calumet Twp	-36,868	-36,743
<b>Total TIF</b>	<b>-36,951</b>	<b>-35,550</b>
<b>Grand Total</b>	<b>-965,771</b>	<b>-961,847</b>